

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6848**

**BILL NUMBER:** HB 1081

**NOTE PREPARED:** Feb 5, 2009

**BILL AMENDED:** Feb 5, 2009

**SUBJECT:** Foreclosure of Rental Properties.

**FIRST AUTHOR:** Rep. Day

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Plaintiff Notification and Eviction*- The bill requires a plaintiff seeking foreclosure on certain rental property to notify the tenants if a foreclosure complaint is filed. The bill requires a plaintiff seeking foreclosure to notify the tenants if a judgment of foreclosure is entered. The bill provides that certain tenants may not be evicted for a certain period of time if a plaintiff seeking foreclosure fails to provide a notice of a foreclosure complaint or a notice that a judgment of foreclosure was entered.

*Eviction Without Notification*- The bill provides that certain tenants who are evicted and who did not receive a notice of a foreclosure complaint or a notice that a judgment of foreclosure was entered may bring an action to enforce an obligation of an owner or landlord and may recover certain damages, fees, costs, and expenses.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** (Revised) *Eviction Without Notification*- Without the proper notification specified above, a tenant could pursue a civil action against either the property owner or landlord. Civil action would not be permitted if the tenant failed to either pay rent or comply with rental contract/agreement obligations.

*Court Fee Revenue:* If additional civil actions occur and court fees are collected, revenue to the state General Fund may increase. A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed

in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Court Fee Revenue:* If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

**State Agencies Affected:**

**Local Agencies Affected:** Trial courts, city and town courts.

**Information Sources:**

**Fiscal Analyst:** Chris Baker, 317-232-9851.